



## LETTER OF INTENT

November 16, 2020

**Larry D. Carboneau, CPA**  
Manager, Healthcare Compliance and Operations  
Healthcare Compliance and Operations  
Department of Health and Human Services  
#11 State House Station  
41 Anthony Avenue  
Augusta, ME 04333-0011

**RE: Breakwater Commons Operations LLC – Certificate of Need Letter of Intent  
Proposal to Develop a New Licensed Nursing Care Facility in Rockland, Maine**

Dear Larry:

This correspondence constitutes a Letter of Intent in accordance with Section 71.05(A) of the BEAS Policy Manual, Certificate of Need Regulations for Nursing Facility Level of Care Projects.

On behalf of Sandy River Company (“Sandy River”) and North Country Associates (“North Country”), and Breakwater Commons Operations LLC, we seek to initiate the Certificate of Need (“CON”) review process to the extent it applies, to seek your advice and guidance on the best way to proceed, and to obtain approval of a new 96-bed skilled nursing care center to be located on Old County Road in Rockland, Maine. We also seek your advice and counsel on how best to satisfy Medicaid Budget Neutrality requirements to the extent they are applicable.

### **Project Description**

MaineHealth d/b/a Coastal Healthcare Alliance (“CHA”) currently owns and operates the Knox Center, an 84-bed nursing home located in Rockland, and Quarry Hill, a retirement community in Camden affiliated with CHA that operates a 39 bed NF unit . CHA would convey to Breakwater Commons Operations LLC all of the bed rights and associated MaineCare revenue stream utilized for the operation of the Knox Center and would convey to Breakwater Commons Operations LLC a portion of its NF bed rights and associated MaineCare revenue stream associated with the 39-bed nursing unit. Quarry Hill is evaluating the conversion of the vacated space to an alternative use and will address any regulatory requirements separately.

The development and ownership of Breakwater Commons is a joint venture between the ownership of two successful Maine companies: Sandy River Company ("Sandy River"), headquartered in Portland, and North Country Associates ("North Country"), an operator and manager of over 25 senior care facilities throughout Maine and headquartered in Lewiston. The joint venture, using the Bed Rights, would develop, build, and operate a new 96-bed licensed nursing care center on land Sandy River owns in Rockland.

The proposed new facility will be a one-story design of approximately 68,000 square feet, on approximately 29 acres of land that overlooks Penobscot Bay and the Breakwater.

It is anticipated the new facility will take approximately 16 months to construct. Once constructed, the existing residents of the Knox Center and Quarry Hill's nursing care unit will be transferred to the new facility if they so choose or into other area facilities.

#### **Capital Costs and MaineCare Budget Neutrality**

The total project budget is estimated at \$28,500,000. This includes the acquisition of income stream to satisfy the need for MaineCare budget neutrality.

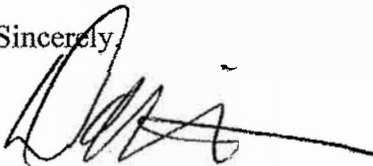
We seek your guidance on how best to satisfy this requirement.

#### **Next Steps and Technical Assistance Meeting**

We understand that this filing triggers the need for a Technical Assistance Meeting as the appropriate next step. We would be fine waiving this requirement with our July 15, 2020 conference call meeting this requirement. We also would certainly be happy to meet with you and your staff to further discuss this project if you prefer.

Please feel free to contact me. My telephone number is 233-8665 and my email is [dmaguire@sandyriver2.com](mailto:dmaguire@sandyriver2.com). Please also include Michael Tyler on any correspondence. His email is [mtyler@sandyriver2.com](mailto:mtyler@sandyriver2.com).

Sincerely,



Daniel J Maguire  
Managing Partner

cc: John Orestis, North Country Associates  
Dr. Mark Fourre, President, Coastal Healthcare Alliance